

Message Text

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USOECN, EXCON

E.O. 11652: XGDS-1

TAGS: ESTC, COCOM

SUBJECT: SERVICING PROCEDURES AND RELATED PROPOSALS

REF: PARIS 19321

1. USDEL AUTHORIZED ACCEPT INCREASE FOR VALUE LIMIT
DE MINIMIS CASES TO 1,000 DOLLARS FROM PRESENT LIMIT OF
825 DOLLARS IN PARA 8(A) AND (B) OF DOC. REG(77)1. THIS
REPRESENTS 21 PERCENT INCREASE. WE WOULD ALSO ACCEPT
SAME PERCENTAGE INCREASES IN VALUE OF OTHER DE MINIMIS
AND SERVICING CASES TO RAISE PRESENT LIMIT FROM 3,300
DOLLARS TO 4,000 IN PARAGRAPHS 8(A) AND (C) AND FROM
6,600 TO 8,000 DOLLARS IN PARAGRAPHS 9(A) AND (E). WE
REALIZE THIS IS LESS THAN THE AMOUNTS GENERALLY AGREED IN
COMMITTEE BUT FAIL TO SEE JUSTIFICATION FOR LARGER INCREASE
AT THIS TIME. THE ONLY JUSTIFICATION GIVEN IN COMMITTEE
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FOR ANY INCREASE APPEARS TO BE BELGIAN STATEMENT APPEARING
IN PARAGRAPH 3 OF COCOM DOC. PROC.(78)3.8 WHICH NOTES
CHANGES IN PARITY RATES BETWEEN DOLLAR AND OTHER CURREN-
CIES. ON THE OTHER HAND UNIT PRICES FOR SOLID STATE
COMPONENTS AND DEVICES HAVE DECLINED SHARPLY DURING LAST
FEW YEARS WHICH WOULD APPEAR TO JUSTIFY SOME DECREASE IN
THE PRESENT VALUES. HOWEVER, WE WOULD BE PREPARED TO

RECONSIDER OUR POSITION IF OTHER DEL'S CAN PRESENT

JUSTIFICATION FOR LARGER INCREASES IN THESE VALUES. FOR THE PRESENT WE WOULD BE PREPARED ACCEPT IMMEDIATE ENTRY INTO FORCE OF ABOVE CHANGES.

2. USDEL ALSO AUTHORIZED ACCEPT CANADIAN PROPOSAL ON SERVICING KITS AS GIVEN IN COCOM DOC. PROC. (78)3.5 WITH INSERTION IN THE RECORD OF UK REPLIES TO U.S. QUESTIONS AS GIVEN IN PARAGRAPH 12 OF COCOM DOC. PROC. (78)3.8 TO DEFINE WHAT IS MEANT BY SERVICING KITS AND THE PROCEDURES UNDER WHICH THEY MAY BE SUPPLIED AND USED IN PROSCRIBED DESTINATIONS.

3. WE ARE STILL HAVING PROBLEMS ON BELGIAN PROPOSAL WHICH MAY BE PARTIALLY DUE TO OUR NOT UNDERSTANDING BASIC BELGIAN PROBLEM. IT WAS OUR UNDERSTANDING THAT BELGIAN PROBLEM CONCERNED TAPE HEADS WHICH HAD INITIALLY BEEN EXPORTED FROM THE U.S., TRANSFERRED FROM ONE END USER TO ANOTHER IN THE COMMUNIST AREA AND THEN RETURNED TO BELGIUM FOR RECONDITIONING BY THE BELGIAN SUBSIDIARY OF THE U.S. SUPPLIER. IN SOME CASES COUNTERFEITS MANUFACTURED IN THE COMMUNIST COUNTRIES HAVE ALSO BEEN PRESENTED FOR RECONDITIONING. WE CAN UNDERSTAND HOW, IN VIEW OF THIS SITUATION, IT WOULD BE DIFFICULT FOR THE BELGIAN RECONDITIONER TO BE SATISFIED THAT THE TERMS

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PRESENTLY SET OUT IN THE SERVICING/RECONDITIONING PROCEDURE ARE BEING MET. WE HAD ATTEMPTED TO MEET THIS IN OUR PROPOSAL BY LIMITING THE INITIAL REQUEST TO WHATEVER INFORMATION COULD BE SUPPLIED BY THE RECONDITIONER PRIOR TO THE RECONDITIONING FOLLOWED BY MORE REPORTING BASED ON INFORMATION LATER ACQUIRED ON THE BASIS OF HAVING PHYSICAL POSSESSION OF THE TAPE HEADS. (FOR EXAMPLE, THE SERIAL NUMBERS COULD BE TRACED AND ANY COUNTERFEITING DETERMINED.) WE VIEW THIS AS A SPECIFIC PROBLEM WHICH CAN BEST BE MET BY A SPECIFIC SOLUTION. HOWEVER, THE DISCUSSION IN THE COMMITTEE HAS NOW MOVED TO MORE GENERAL SOLUTIONS WHICH WE ARE CONCERNED MAY WEAKEN PRESENT COCOM CONTROLS BEYOND WHAT IS NECESSARY IN THIS CASE. FOR EXAMPLE, THERE HAVE BEEN PROPOSALS TO DELETE THE PRESENT PARAGRAPH 9(D) IN COCOM DOC. REG. (77)1. WE WOULD BE INTERESTED TO KNOW WHAT JUSTIFICATION CAN BE ADVANCED FOR THIS OTHER THAN THE BELGIAN PROBLEM. IN OUR VIEW, PARAGRAPH 9(D) REPRESENTS AN IMPORTANT SAFEGUARD AGAINST THE DANGER OF DIVERSION OF STRATEGIC GOODS TO AREAS NOT UNDER OUR CONTROL. WE CANNOT ACCEPT ITS DELETION WITHOUT FURTHER AND ADEQUATE JUSTIFICATION. WE WOULD BE INTERESTED IN RECEIVING FURTHER INFORMATION ON HOW BELGIAN

PROPOSAL, FIRST GIVEN BILATERALLY AND REPORTED IN
PARIS 05993 AND ELABORATED IN PARIS 17307, WOULD OPERATE.

WHAT TYPE OF INFORMATION WOULD INITIALLY BE PRESENTED TO
THE COMMITTEE? HOW WOULD HEADS TO BE RECONDITIONED BE
CATEGORIZED OR GROUPED, BY INDIVIDUAL COMMUNIST FIRM OR
BY GROUP OF FIRMS OR BY INDUSTRY? HOW WOULD SUBSEQUENT
INFORMATION BE SECURED? USDEL WILL NOTE THAT U.S.
PROPOSAL DOES PROVIDE FOR SOME FLEXIBILITY ON THE INFORMA-
TION SIDE NOR DO WE FEEL THAT WE ARE DIFFERING IN
SUBSTANCE FROM THE BELGIAN PROPOSAL AND ALSO BELIEVE THAT
WITH SUITABLE BUT NOT SUBSTANTIVE WORDING CHANGES U.S.
PROPOSAL WOULD MEET BELGIAN PROBLEM. VANCE

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